



frost meadowcroft

**4th QUARTER 2018** Welcome to the fourth and final update of 2018, giving you an up-to-date view of commercial property in West London. Featured in this issue: Take-Up, Market Summary, Planning Consent for 66 Hammersmith Road and the 2018 Office Annual Review.

market update **Q4**

Chris Grayling, Transport Secretary (pictured left)

## MARKET SUMMARY

### TAKE-UP

Office take-up in the *London Borough of Hammersmith & Fulham* in 2018 was **677,000 sq ft**, nearly a third more than the total for 2017 (409,000 sq ft) and three times that of 2016 (201,000 sq ft).

#### In WHITE CITY

About half this take up (340,000 sq ft) has been at **White City Place**, the former BBC site, with 2 new tenants relocating there in Q4.

*Novatis*, the global pharmaceutical group, took the **54,000 sq ft** 2nd floor of *Westworks* and life sciences group *GammaDelta* took **12,000 sq ft** of office and lab space on the part 4th floor, both at **£50 per sq ft**.

#### In HAMMERSMITH & FULHAM



The Big Red Workplace

Despite the high take-up, supply rose in Hammersmith & Fulham from **7.4%** to **8.3%** as **228,752 sq ft** of offices went to market at **The Big Red Workplace**, 245 Hammersmith Road. This *Legal & General's*



Foundry reception

Spaces fit-out at the Foundry, Hammersmith

and *Mitsubishi Estate's* scheme on the site formally occupied by *Bechtel* is due for practical completion in Spring 2019. In Hammersmith town-centre the co-working provider, *Spaces*, leased the **42,000 sq ft** ground and 1st floor of the 5 floor **Foundry** office building at 77 Fulham Palace Road which is the middle building of *AXA's* IM's **114,500 sq ft Assembly London**.

**Studios** in Munster Road, Fulham for circa **£39m** (c. £570 per sq ft) from *Columbia Threadneedle*. This equates to an initial yield of c. **5.78%**.

#### In PADDINGTON

At *Derwent's Brunel Building* the *Premier League* signed for **33,400 sq ft** on two floors with *Coach*, a fashion company and *Alpha FX*, a foreign exchange company each taking a floor of **16,500 sq ft**. This *Fletcher Priest* designed office building by the canal will be practically complete in Q1 2019.

In Paddington Basin the *Press Association* took **17,000 sq ft** at **The Point**.

#### In NOTTING HILL



Victoria Beckham's HQ's 202 Hammersmith Road

Also in Hammersmith a record sale price was achieved for an office building when a Dubai-based investor paid **£16.8m** (£1,140 per sq ft) for the 14,746 sq ft **202 Hammersmith Road** that was let in Q4 2017 to Victoria Beckham for her HQ. This equates to a yield of **4.42%**. Also in Q4, *Patrizia UK*, acquired the refurbished **Coda**



Hillgate House W11

Travel company, *Selina*, took the **4,500 sq ft** former church, **Hillgate House** in Hillgate Street, W11 just south of Notting Hill Gate at a rent that equates to **£56 per sq ft**. *What3Words* took an additional 2,150 sq ft at **Great Western Studios** at **£59.50 per sq ft** giving them a total of **12,150 sq ft**.

## AT A GLANCE SUPPLY & RENT WEST OF WEST END

### OFFICE SUPPLY

Down except in Hammersmith & Fulham due to the launch of **The Big Red Workplace**

- **Hammersmith & Fulham** up from 7.4% to 8.3%
- **RBK&C** down from 2.4% to 2.3%
- **Chiswick** down from 9.3% to 8.4%
- **Paddington** down from 8.4% to 5.7%
- **Wandsworth** down from 2.6% to 2.4%

### OFFICE RENTS

- **Hammersmith & Fulham** range from £42.50 to £55.00 per sq ft
- **Chiswick** range from £35 to £47.50 per sq ft
- **Paddington** range from £60 to £75 per sq ft
- **RBK&C** range from £40 to £70 per sq ft

### OTHER NEWS

Similar to Crossrail, the **Northern Line Extension** has been delayed by a year. The extension from Nine Elms and Battersea Power Station from Kennington is now expected in 2021. *Apple* should be relocating after practical completion of the **Power Station** targeted for the end of 2021.



Archive images of Lyons's Cadby Hall



CGI of proposed 66 Hammersmith Road (Cadby Hall)

## PLANNING CONSENT GRANTED FOR 66 HAMMERSMITH ROAD

Planning consent was granted to *Quadrant Estates* and *Pirbright Holdings* for the demolition of the **50,000 sq ft** 1980's development, the **Kensington Centre**

and the construction of a brand new **223,000 sq ft** 8 floor, office-led mixed-use development opposite **Charlotte Terrace** near Olympia this quarter.

The **Kensington Centre** was constructed on part of the site of **Cadby Hall**, the former *J Lyons & Co* factory which used to stretch from Lyons Way next to Olympia all the way to Brook Green.

The design includes a new tree-lined frontage to Hammersmith Road, green living walls on the western facade, roof garden and 310 cycle bays with associated showers.

## OFFICE annual review 2018

**Q1** Office take-up doubled in London Borough of Hammersmith & Fulham (LBH&F) in Q1 and there were early signs that the office rental market was continuing despite Brexit-induced uncertainty. Supply increased as the 275,000 sq ft **2 Television Centre** was launched and therefore rents fell at some of the older local office buildings from **£50** to a range of **£40-£47.50** per sq ft.

The largest ever letting took place in Notting Hill Gate in RBK&C when *Frost Meadowcroft* client, *Frogmore*, pre-let the 41,000 sq ft new offices for **92-94 Notting Hill Gate**. The *Squires Architects* designed building at the junction of Pembridge Road was pre-let to *The Office Group*.

A large number of Hammersmith and Fulham **investments** were sold in the quarter including **Thames Wharf Studios**, **The Aircraft Factory**, **12 Hammersmith Grove**, **227 Shepherds Bush Road** and **401 King Street** as investors shrugged off the Brexit concerns of the last 2 quarters of 2016.

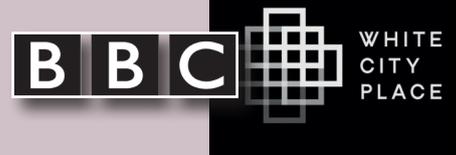


**Q2** Office take-up in LBH&F was at 241,000 sq ft due to the large **215,000 sq ft** letting of **2 Television Centre** to *Publicis*, the French multi-national advertising company. This took supply in the Borough to **7.5%** from its peak in Q2 2016 of **14.5%** availability.

In Paddington, *Sony Pictures* signed a pre-let of **77,000 sq ft** at approx **£75 per sq ft**. In Notting Hill, *What3Words* signed for **10,000 sq ft** at the new 4th floor of **Great Western Studios** which is located between the Grand Union Canal and The Westway.

**Q3** *Pernod Ricard* signed for a huge **85,000 sq ft** chunk of **Building 7, Chiswick Park** that reduced supply from **11.3%** to **9.3%** in Chiswick.

In Notting Hill Frogmore secured their second letting at Notting Hill Gate, with *Ovo Energy* signing for **21,000 sq ft** on a pre-let at **£65 per sq ft**. In Hammersmith town centre *Frost Meadowcroft* client, *Kier*, secured tenants for the top three floors of their new building, **Kings House**; *Sail GP* (a yacht racing team supported by Oracle founder Larry Ellison), *4c Associates* and *Zaizi*. To the North at White City Biotech company *Autolus* signed for **33,000 sq ft** at *Stanhope*, *AIMCo* and *Mitsui's West Works* for c **£50** per sq ft.



**Q4** Office **investment sales** in Hammersmith were over **£700m** in 2018 making it the 10th highest of all UK submarkets and the highest in London outside of the central London submarkets.

Office take-up in the London Borough of Hammersmith & Fulham was **677,000 sq ft** in 2018, nearly a third more than the total for 2017 (409,000 sq ft) and treble that of 2016 (201,000 sq ft). Half this take up (340,000 sq ft) has been at **White City Place**, the former BBC site.

Despite the high take-up, supply rose in Hammersmith & Fulham from **7.6%** to **8.3%** availability as **228,752 sq ft** of offices went to the market at **The Big Red Workplace**, 245 Hammersmith Road. Supply fell in the other west of West End markets of Paddington, RBK&C, Chiswick and Wandsworth.

